

# WE CAN SOLVE POVERTY IN THE UK

A strategy for governments, businesses, communities and citizens

#solveukpoverty

*"The level of poverty in the UK is shameful. This should be a place where everyone can live a decent, secure life. Instead, 13 million people – half of whom are in a working family – are living without enough to meet their needs."*

Julia Unwin CBE

# Contents

Introduction	4
What is poverty?	6
Why is poverty still with us?	8
Poverty over the lifetime: causes and solutions	10
Together, we can solve poverty	20
National and local governments	22
Businesses, employers and providers of essential goods and services	34
Service providers and housing providers	40
Investors and philanthropists	44
Citizens and communities	46
Costs and implications	48
What next?	50

Thanks to Leeds Poverty Truth Commission and the participants at their workshops for use of the photography and quotes in this document. Photos taken by Ian Beesley.

# Introduction

The UK should be a country where, no matter where people live, everyone has the chance of a decent and secure life. Instead, millions of people – many from working families – are struggling to meet their needs.

Poverty means not being able to heat your home, pay your rent, or buy the essentials for your children. It means waking up every day facing insecurity, uncertainty, and impossible decisions about money. It means facing marginalisation – and even discrimination – because of your financial circumstances. The constant stress it causes can overwhelm people, affecting them emotionally and depriving them of the chance to play a full part in society.

The reality is, almost anyone can experience poverty. Unexpected events such as bereavement, illness, redundancy or relationship breakdown are sometimes all it can take to push us into circumstances that then become difficult to escape.

Poverty wastes people's potential, depriving our society and economy of the skills and talents of those who have valuable contributions to make.

An estimated £78bn of public spending is linked to dealing with poverty and its consequences. This includes spending on healthcare, education, justice, child and adult social services.

For too long, the worst-off people and places across the UK have been left behind by uneven economic growth and fewer opportunities. With economic uncertainty in the UK prompting fears of another recession, there is a risk that fewer jobs and lower investment will mean greater and deeper poverty. The EU referendum result in June 2016 showed that addressing poverty now is not just a moral imperative, but a political and economic necessity, with many people living in some of the UK's most overlooked places voting to leave.

What would it take to solve UK poverty? This is the central question that JRF has set out to answer. We all have a vital role to play, as governments, businesses and employers, service providers, investors, and as citizens. Recommendations for how all of us can act to solve poverty are set out in this strategy.

Over the past four years, JRF has worked with experts in research and practice, and commissioned and analysed evidence reviews to find out what works. We have worked with the public as well as employers and businesses, practitioners, civil servants and politicians from all parties, across all four nations of the UK. As an employer and a provider of housing and care services, we have also drawn on our own history and experience. Critically, we have involved people with first-hand experience of poverty in the development of the strategy.

The result of this project is an independent, long-term strategy to solve poverty in the UK which aligns greater corporate responsibility with an active, enabling state, promoting individual capacity and capability. Alongside this strategy we have published an in-depth report which details the evidence gathered during our four-year investigation: *UK Poverty: Causes, costs and solutions* (JRF, 2016).

**We need a new consensus that poverty in the UK is real, matters to all of us, and can be solved. JRF is calling for a long-term deal between individuals, the state, and business, so that no matter where people live, everyone has the chance of a decent and secure life.**

This strategy contains a set of proposals we hope will inspire debate and action across the four nations of the UK. While each nation and place has a different set of challenges and powers, we hope that the proposals provide the basis for new solutions and real change. If we don't all rise to this challenge, we face enormous costs and risks in the future.

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## By working together, we can solve poverty in the UK.

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Our five-point plan to solve poverty in the UK will:

- Boost incomes and reduce costs;
- Deliver an effective benefit system;
- Improve education standards and raise skills;
- Strengthen families and communities; and
- Promote long-term economic growth benefiting everyone.

Bringing together the skills and resources of national and local governments, businesses, service providers and citizens, we want to solve poverty in the UK within a generation. Our vision is to make the UK fit for the children starting school this year – so that by the time they enter adulthood in 2030, they will be living in a UK where:

- No one is ever destitute;
- Less than one in ten of the population are in poverty at any one time; and
- Nobody is in poverty for more than two years.

We need a new consensus that poverty in the UK is real, matters to all of us, and can be solved. JRF is calling for a long-term deal between individuals, the state, and business, so that no matter where people live, everyone has the chance of a decent and secure life.

By working together, we can solve poverty in the UK.

## Fact:

A child born in a deprived neighbourhood will die an average of nine years earlier than a child born in a wealthier area

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Poverty wastes people's potential, depriving our society and economy of the skills and talents of those who have valuable contributions to make

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# What is poverty?

JRF's definition of poverty is when a person's resources are well below their minimum needs, including the need to take part in society.

In 2008, JRF published the Minimum Income Standard (MIS) – the benchmark of minimum needs based on what goods and services members of the public think are required for an adequate standard of living. This includes food, clothes and shelter; it also includes what we need in order to have the opportunities and choices necessary to participate in society. Updated annually, MIS includes the cost of meeting needs including food, clothing, household bills, transport, and social and cultural participation.

JRF uses 75% of MIS as an indicator of poverty. People with incomes below this level face a particularly high risk of deprivation. A household with income below 75% of MIS is typically more than four times as likely to be deprived as someone at 100% of MIS or above. In 2016, a couple with two children (one pre-school and one primary school age) would need £422 per week to achieve what the public considers to be the Minimum Income Standard, after housing and childcare costs. A single working-age person would need £178 per week.

**Child poverty is projected to rise sharply over the next four years and working-age poverty is likely to rise in the longer term unless action is taken now.**

Having an income that is just 75% of these amounts – £317 for the couple and £134 for the single person – is an indication that a household's resources are highly likely not to meet their needs. The further their incomes fall, the more harmful their situation is likely to be.

JRF recommends supplementing existing measures of poverty with a measure based on the Minimum Income

Standard, to reflect better how costs contribute to poverty. We also recommend the introduction of a measure and monitoring of destitution. Destitution is the most severe form of poverty in the UK and means someone can't afford the basic essentials they need to eat, keep clean and stay warm and dry. 1.25 million people in the UK experienced destitution at some point during 2015.

While overall levels of poverty have remained fairly static over the last 25 years, risks for particular groups have changed. Income poverty among pensioners fell from 40% to 13%, while child poverty rates remain high at 29%, and poverty among working-age adults without dependent children has risen from 14% to around 20%. Child poverty is projected to rise sharply over the next four years and working-age poverty is likely to rise in the longer term unless action is taken now.

*"Nobody knows, 'til they've been in that person's shoes, what life is like. A light could conk out, the gas could conk out, and they've got a choice – do I buy my kids breakfast tomorrow or do I put £5 in that gas meter?"*

Mother, Scotland, *Life on Benefits* – Poverty Truth Commission

*"Well to be honest, it is a struggle; it's a struggle, 'cos the kids' shoes, they're growing so fast. You find the shoes just don't last. The coats, the uniforms, everything, the food, I just find it's a struggle. A loaf of bread's a pound now... and I'm thinking, 'We work, my partner works his butt cheeks off... and we're always struggling'."*

June, 'Getting By' – A year in the life of 30 families living in Liverpool



## Sellina

*"It's so hard that you  
cannot provide for  
yourself."*



# Why is poverty still with us?

Over the past 30 years, globalisation, competition and innovation have pushed down the prices for many consumer goods and services, boosting living standards overall. Yet rises in housing, food and fuel prices have increased the cost of living, particularly for people in poverty. Between 2008 and 2014, the cost of essentials increased three times faster than average wages.

Many of the jobs that previously allowed workers with few qualifications to support their families to a decent standard have now gone. Even before the financial crisis of 2008, social and economic progress left far too many people and places behind. Since then, austerity has meant fewer resources being available to tackle poverty, with those worst off disproportionately affected.

The places where people live and the circumstances they are born into have a fundamental bearing on their life chances. Life events and experiences, such as redundancy or bereavement, can dramatically reduce household or individual income. In a strong and successful society there should be mechanisms in place to ensure such experiences, and their effects on people's prospects, are short-lived.

While the recession highlighted how many of us may suddenly experience hardship, harsh attitudes towards those experiencing poverty persist, including the notion of the 'undeserving poor'. But few people, when they think about it, do blame personal choice as the sole cause of poverty. They understand that the quality of local jobs, the cost of housing, and welfare reforms matter too. They do acknowledge that people in poverty are not somehow different.

Poverty is seldom the result of a single factor. In the UK today there are five key causes that need priority action: unemployment, low wages and insecure jobs; lack of skills; family problems; an inadequate benefits system; and high costs. These result from an overlapping and shifting series of influences that include market opportunities, state support and individual decisions.

## Markets

People with less money and skills are generally in weaker positions in relation to markets. The result

can be low pay and insecurity, unemployment, discrimination and paying more for essentials, like energy and credit. The housing and childcare markets have also failed people in poverty. The consequences are lower earnings and spending power, insecurity for workers, lower productivity and under-used skills.

## State

A key role for the state is to remedy market failures and promote public wellbeing. But this can be missed through an ineffective benefits system, poor-quality education and discrimination against certain groups. Governments also have a role in fostering a prosperous economy with opportunities for all. High levels of poverty deprive the state of tax revenues, and of income, so it needs to spend on health, education and other services, and on countering uneven economic growth, civic decline and a lack of democratic engagement.

## Individuals

Unemployment and low skills may keep individuals in poverty and can lead to long-term hardship. Trauma, abuse or poor parenting can increase a child's risks of experiencing poverty in adulthood. High stress is a major outcome of poverty for individuals and can contribute to family breakdown. Poverty affects mental resources and decision-making processes, and the impact of focusing constantly on scarcity has been measured as being more detrimental than going one full night without sleep. Poverty can also result in poor educational outcomes for children, bring shame and stigma, and lead to crime and disorder, health problems, drug and alcohol abuse, homelessness, child abuse and neglect, and family breakdown. These risks can be passed down through the generations in a vicious cycle. While it is individuals in the end who get themselves out of poverty, they need the state, markets and society to act together to enable them to achieve a decent standard of living. Too often, people's experiences of trying to get out of poverty tell a story of barriers and traps, rather than routes out.



*“Even myself, I think can I afford to have the heating on? I work, you know what I mean? I shouldn’t have to think that, when the kids are asleep in bed, I’ll just put a blanket over me because I can’t afford to have it on when I work for a living.”*

Participant, Manchester, JRF workshop

*“My contract is 4 hours a week but I do 30 hours a week... They can’t offer me more than 4 hours even though I’m guaranteed 30 hours a week. So I don’t get a pension, and when I went on maternity leave I couldn’t take my full leave because of my 4 hour contract.”*

Woman, retail worker, Slough, *At work on a low income: A qualitative study of employees’ experiences*

*“If you’re in poverty, or you don’t have much money and you’re just trying to get by, you suffer mentally, because you get bullied, unless you’re strong enough to shrug it off.”*

Boy, Birmingham, Office of the Children’s Commissioner consultation

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# Poverty over the lifetime: causes and solutions

JRF research has looked at the causes of – and solutions to – poverty in childhood, working age, later life, and among those with complex needs. It has also covered how the high costs of essential goods and services to low-income consumers – particularly housing and childcare – can be tackled. See the second half of this document (page 22 onwards) for detailed recommendations on how we can do this.

## Poverty in childhood

For most of us, our family provides our most important relationship and defence against material and emotional hardship. Family stability and parental support are the bedrock of children's lives. Those raised in secure families have more chance to flourish and better future prospects, and very many parents in poverty provide stability and security in spite of the overwhelming challenges they face.

Poverty puts considerable strain on family budgets and relationships. Children who grow up in low-income households have poorer mental and physical health, on average, than those who grow up in better-off families. Families of children with disabilities face additional challenges of both cost and income, and policy and practice does not always account for this. From an early age, children in poverty are more likely to score worse in tests of cognitive, social and behavioural development. At age five, children who have had high-quality childcare for two to three years are nearly eight months ahead in their literacy development than children who have not been in pre-school. Living in a low-income family greatly increases the likelihood of children leaving school with lower educational attainment.

Great progress has been made on improving performance in many schools, but children from more disadvantaged areas are still much less likely to be taught by teachers who are described as 'outstanding'. High-quality teaching is the most important school-level factor affecting the attainment of children from low-income backgrounds, so governments should continue to evaluate and expand successful initiatives to attract high-quality teachers and leaders to schools where they are most needed. Governments should also boost careers advice and quality apprenticeships for young people so that they leave school to start their working life well.

## We could solve poverty by:

- Supporting people to be good parents, helping parents share care and stay in work, minimising the adverse impacts of separation on children, and supporting children and parents' mental health;
- Giving access to high-quality, flexible and affordable childcare to parents on low incomes, allowing them to work and improving children's pre-school development;
- Ensuring all children from low-income backgrounds can succeed in school;
- Ensuring all young people leave school with the support, advice, skills and confidence to move successfully into education, training or the labour market and towards independence; and
- Raising and protecting family incomes so they can afford essentials, reduce stress and give children the opportunity to participate socially and educationally.

*"It [having no money] may cause arguments between the parents over how they going to pay for everything, which might affect the children [who] are hearing this."*

Girl, Selby, Office of the Children's Commissioner consultation

*"You should be able to go to work and say that I can feed my children. At the moment that isn't the case."*

Man, Manchester, JRF workshop

## Poverty during working age

Paid employment, caring responsibilities and the social security system are key determinants of poverty. Work should offer a route out, but a combination of low wages, not enough hours, insecurity, the high cost of housing and childcare, poor health, discrimination and low-level skills all present considerable barriers. The lack of well-paid jobs is a particular problem for those trying to balance working and caring. There has been a significant rise in the number of working households in poverty over the past decade, with many low-paid workers in insecure jobs where they are less likely to receive the training needed to progress on to higher earnings. An estimated five million adults in the UK lack core literacy or numeracy skills; 12.6 million lack basic digital skills.

Our social security system is also failing to adequately support people on low incomes. People are almost always better off in work, but sometimes incentives are weak or wiped out by high housing and childcare costs. The nature of today's labour market, with more, flexible jobs and rising self-employment – together with extra costs associated with childcare, caring responsibilities or living with a disability – has resulted in a highly complex system which is difficult to navigate. For those with health problems or with caring responsibilities that mean they are unable to work full time, the system is failing to provide an adequate safety net, and spending is poorly targeted. Welfare-to-work services need to be more focused on reducing poverty through high employment and high earnings.

Raising pay, such as through the introduction of the National Living Wage, is crucial to creating an economy with less in-work poverty. But reducing poverty also requires higher skills combined with higher productivity, particularly in the sectors with the largest proportions of low pay, to create more jobs that offer better pay, greater security, more hours, and more opportunities to progress. This is a long-term undertaking, but there are promising policy foundations and initiatives upon which to build. The challenge is for business and industry leaders – above all, in low-wage sectors like retail, care and hospitality – to explore how this might be achieved.

### Fact:

By age three, a child born into poverty is significantly behind in their cognitive development – a gap which widens by the time they are five

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### Fact:

Raising the family income of children receiving free school meals to the average for the rest of the population could reduce the gap in educational attainment at age 11 by half

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## Poverty over the lifetime: causes and solutions

We also need to focus on creating a social security system that meets the challenges of a 21st century labour market, technological change, and a changing and ageing population, along with health and fluctuating conditions. A sustainable approach needs to tackle the underlying causes of poverty.

### We could solve poverty by:

- Supporting people to gain the skills and capabilities to find a job and progress once in work;
- Creating more jobs offering at least a Living Wage, with greater job security and opportunities for progression; and
- A social security system that incentivises work and increasing hours, and supports people in and out of work to escape poverty.

*"I am always open to opportunity... but it is very difficult because the job I am in, there is no training I can do to get any higher up the scale. There is no job there. There was one job that came up but that was a full-time job, the part-timers couldn't even apply. We just have to accept it... We did feel we missed out because we were part-time."*

Woman, Sheffield, *Working below potential: Women and part-time work*

*"My partner only knew one skill, labouring, for him to find something when he was made redundant, it was devastating. He wasn't well educated, he can't find another job easily. After 23 years with the same company, the struggle since has been hard."*

Participant, Walsall, JRF workshop

### Poverty in later life

Pensioner income poverty has reduced considerably in recent years, yet a substantial number of pensioners still have a low standard of living, especially if they are disabled or in ill health.

Poor access to public transport restricts some older people from getting around, reducing their autonomy and increasing exclusion from social networks, sometimes leading to loneliness and isolation. Disabled older people face additional challenges, since the extra costs associated with disability are currently not fully taken into account in benefit levels. Furthermore, stigma and lack of awareness mean that take-up of state support is often low. At the other end of the spectrum, the low level of pension savings and National Insurance contributions by some people of working age, especially among the growing number of self-employed, has worrying implications for the security of current younger generations in later life.

As more of us are living longer, targeted action will need to be taken to maintain progress in reducing pensioner poverty. We need a combined approach which increases the cash in the pockets of older people at most risk of poverty, improves the prospects of future generations by bolstering the assets of those of working age, and prevents people from falling into poverty as they grow older. It is also important that policies that have delivered lower pensioner poverty are not undone in the longer term, and are balanced against the needs of younger generations.

### We could solve poverty by:

- Encouraging more older people to take up the financial support for which they are eligible;
- Ensuring more working-age people contribute to savings schemes and pension funds; and
- Providing benefits for older disabled people that are tailored to meet additional costs of disability and care needs.

*“They don’t tell you what you’re entitled to, not unless you ask, they won’t come forward, they’ll keep to themselves. Why don’t they tell you in the first place?”*

Older man, Hartlepool, JRF workshop

### Fact:

Four out of five low-paid workers fail to escape low pay after 10 years

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### Fact:

30% of working-age people can’t afford to pay into an occupational or private pension

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## Poverty over the lifetime: causes and solutions

### Containing the effects of rising costs

The important impact of high costs on poverty has too often been ignored. Reducing poverty through action on costs involves harnessing market power but also recognising and compensating for its limits. The high cost of housing and childcare in many parts of the UK creates the biggest squeeze on people in poverty. High rents and evictions from private tenancies are a major driver of homelessness in some areas. Increasing the supply of genuinely affordable housing to bring down costs across tenures has become central to solving poverty in much of the UK.

Another important challenge is to end the iniquity of poverty premiums, where people in poverty pay more for the same goods and services. For example, many on low incomes use pre-payment meters for gas and electricity, at greater cost, and are less likely to switch their energy supplier to get a better deal. Households in poverty are four times more likely to be behind with at least one household bill, and they are more exposed when the price of essentials rises rapidly. Many people in debt struggle to get by, choosing what they and their families are going to go without, having to turn to family, friends or charity to help them out.

Businesses providing essential goods and services can play a key role by proactively identifying consumers at risk of debt, offering advice and support. Alongside the voluntary sector, state agencies and regulators, they can help to empower consumers to search for and negotiate better deals.

In some industries, such as energy and water, consumer bills carry part of the burden for additional costs arising from public policy choices or investments in new infrastructure. There is a strong case for firms to design, in conjunction with government, fairer ways of sharing these additional policy costs.

Regulators have an important role in increasing competition and innovation, attending to the impact on vulnerable people and sometimes setting prices. These are all functions within their existing mandates which have a direct impact on the lives and prospects of poorer households.

### We could solve poverty by:

- Ending the poverty premium through responsible business practices, better customer service, regulatory intervention and product innovation;
- Enabling low-income and at-risk consumers to get the best deals from providers;
- Boosting the supply of genuinely affordable housing; and
- Reducing energy demand through efficiency programmes.

*“Yeah, it gets you down, days that you, you know I’m working for nothing, nothing left, you know but it’s life you know. But I don’t let it get me down, just got to get on with it. To be honest, it’s a case of you have to isn’t it? Nowhere to turn, can’t keep turning to family members all the time for money – have to pay them back you see, so it’s hard. So I just try to avoid it if I can, you know, getting into debt. I try to budget, but it’s not easy.”*

Mary, ‘Getting By’. A year in the life of 30 working families in Liverpool

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## **Case study: Sheffield Money**

Sheffield Money was developed as a council-funded broking service working with community lending partners to provide loans and other financial services to local residents. It provides a website, city-centre store and phone application, offering a range of services and quick access to loans (in as little as 15 minutes). Debt advice is embedded in the scheme, with a debt adviser available at the store. Sheffield Money is expected to save low-income residents £20 million a year by reducing their reliance on high-cost lenders.

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## Poverty over the lifetime: causes and solutions

### People facing additional challenges

Almost anyone can experience poverty, but some groups face higher risks. This is because they face greater barriers to increasing their income, or have higher costs, or both. Racism and discrimination can hold back ethnic minority groups from progressing in work, and illness or fluctuating health conditions can make training and work difficult to manage in the absence of flexibility and good support from employers. Lone parents, and parents of children with disabilities, may struggle to find quality part-time work and affordable childcare. Disabled people often face extra disability-related costs, which are only partly compensated through benefits. They also face barriers in employment. Almost half (48%) of people in poverty in the UK are either themselves disabled or living in a household with a disabled person.

A relatively small group of people in poverty face additional, complex challenges. This includes people with experience of mental health conditions, homelessness, experiences of violence, substance misuse or involvement in the criminal justice system. When these are long-lasting or overlap, they can present significant barriers to escaping poverty.

The prospects for young people leaving local authority care should be an overarching priority for government. Despite positive policy and legal developments, they continue to face unacceptably high risks of destitution and poverty, homelessness, offending and substance misuse.

We need to see flexible and co-ordinated support that builds on people's assets, strengths and relationships, that roots them in ordinary housing, jobs and communities and is tailored around the 'whole person' and the 'whole family'. These make it easier to improve their long-term prospects.

### We could solve poverty by:

- Enabling young people leaving care to maximise their potential, with proper support around housing, employment and training;
- Providing good quality holistic approaches to family support services, which address a variety of issues, including material poverty and behaviour;
- Providing homeless people with secure, long-term homes; and
- Significantly increasing access to and funding for mental health services.

*"For women with complex needs, there is a huge lack of appropriate housing. The traditional women's refuge won't take women like this. There are very few that will house a woman with substance abuse issues, because they're also housing children. So she'll go into a hostel, they'll go through that pathway and cycle in and out. A Housing First model to break that revolving door, that would be very interesting."*

Practitioner, JRF workshop

## Case study: Housing First England

Housing First is a model of supporting people to make a direct move from street homelessness into ordinary permanent housing, with personalised support to address wider issues. Evaluations of Housing First services across the developed world, including in England and Scotland, have found that up to 90% of people with complex needs have been kept off the streets. Housing First England is a new project to create and support a national movement of Housing First services. The project is led by Homeless Link, a national membership charity for organisations working directly with people who become homeless in England, and is funded by Lankelly Chase Foundation and Comic Relief, and works in partnership with others to build change.

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### Fact:

Almost one in five adults with combined experiences of homelessness, substance misuse and offending have been in care as a child

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A portrait of a young man with short dark hair and a light beard, looking directly at the camera with a serious expression. He is wearing a dark blue t-shirt with a colorful floral and bird pattern. His arms are crossed, and he is wearing a gold-toned watch on his left wrist. The background is a solid dark grey.

## Steven

*"Everyone deserves  
a chance, no matter  
where you're from."*



## Poverty over the lifetime: causes and solutions

### The geography of poverty

The geography of poverty must be addressed in any strategy to solve poverty. Some places have been deeply affected by de-industrialisation, and have not recovered. Others are characterised by low housing supply and high costs, which are driving up poverty.

Lack of jobs and poor digital and transport connectivity, reduced services and poor environments are other place-based factors driving up poverty.

**We need to make sure local areas have the powers, incentives and capacity to tackle poverty.**

Place-based approaches to solving poverty have always been important but they are gathering momentum. Citizens and community groups are joining business, civic and faith leaders to develop locally-led approaches that meet their community and region's needs. City-led strategies, responsible businesses, 'Fairness' and 'Poverty Truth' commissions, citizens' campaigns, community organising, DIY urbanism, community assets, social entrepreneurs – these are all expressions of movement for change. Community and institutions – 'anchors' like hospitals, universities and large companies – are increasingly active in using their purchasing power, knowledge and networks together to boost the prospects of local businesses and neighbourhoods.

We need to make sure local areas have the powers, incentives and capacity to tackle poverty.

### We could solve poverty by:

- Supporting communities to create and implement locally-led solutions and build pressure for bigger change;
- National, regional and local leaders setting a clear vision and co-ordinating efforts across sectors;
- 'Anchors' – the big employers and spenders in a place – using their purchasing power and networks to connect to local businesses and neighbourhoods; and big businesses and investors helping to rebalance the economy, driving growth up in ways that drive poverty down.

*"People from poorer backgrounds can't afford to go to [the best local school], because they can't afford to live in the catchment area."*

Girl, Selby, APPG Young People's Poverty Manifesto

# Together, we can solve poverty

Poverty is real in the UK. It's shameful that in the 21st century, 13 million people in our country are living in poverty. It is time for governments, business and communities to work together to solve poverty once and for all.

The aim of this strategy is to create a vision for the country where, no matter where people live, everyone has the chance of a decent and secure life.

To do this, we need a consensus that poverty in the UK is real, causes harm and is a solvable problem. Such a consensus has been reached in other areas before – tackling obesity, smoking and protecting the environment – and can be similarly achieved for poverty.

**The aim of this strategy is to create a vision for the country where, no matter where people live, everyone has the chance of a decent and secure life.**

Bringing down poverty levels requires a comprehensive, long-term approach. Attempts to tackle the causes of poverty, including shifting investment to prevention and improving people's prospects, need to be sustained over a long period of time. Too many promising reforms are undermined or unravelled before they can prove their worth. Welcome initiatives, without a sustained drive, can have contradictory effects that may, in fact, hamper progress.

The state and markets need to empower and enable citizens to thrive. People on low incomes face disadvantages that lock them out of social and economic participation.

Solving poverty requires joined-up action at multiple levels, from national governments across the UK to local communities. By bringing the actions of governments together with business, employers and citizens, we can make serious in-roads into levels of poverty in the UK.

Economic opportunity needs to go hand-in-hand with social reform. The needs and interests of businesses and employers should be more closely aligned with the needs and interests of wider society, and built on extending economic opportunity, particularly for places that have been left behind.

The next section contains our recommendations for each of the major groups with an interest in and role to play in solving poverty. The full set of recommendations and detailed background is in *UK Poverty: Causes, costs and solutions (JRF, 2016)*.

These recommendations build consciously on the reforms introduced over the past 30 years by governments of different hues. Despite recent political battles over living standards and social security, a fairly stable policy consensus has developed over time in some important areas which this strategy both endorses and seeks to strengthen, but short-term political changes undermine progress on poverty. The broad consensus is that:

- For those who can, work represents the best route out of poverty;
- Work should always pay and people should be supported into employment;
- Building human capital through education and training is vital not just to individuals, but to the economy as a whole;
- Labour and housing markets alone will not guarantee shared prosperity for all; and
- Where people cannot work for good reasons, the social security system should be there to prevent them from falling into poverty.

But in other areas our recommendations are unapologetically disruptive. Britain still bears deep scars from the de-industrialisation that occurred in the 1980s and attempts at regeneration have failed to create sufficient opportunities for those communities hardest hit. Additional spending on benefits without addressing the root causes of high housing costs, poor education and low pay has failed to reduce poverty. Plans to reform local government financing in England need to incentivise inclusive growth while making sure disadvantaged people and places are not left behind. Equally challenging is our call for greater attention to be paid not just to the money going into people's pockets but also to the price of their shopping. In an era of sluggish income growth and public austerity this is an area where government and businesses can, and should, do much more.

This strategy aligns a demand for greater corporate responsibility with an active, enabling state that promotes individual capacity and capability. JRF has used the best international evidence and worked in partnership with a range of groups and individuals to develop recommendations for local and national government, businesses and employers and individuals and investors, setting out how these groups can act.

Where we have been able to, we have costed our proposals and modelled their effects.

Our recommendations are followed by ideas to raise revenue in order to provide the increased investment needed to solve poverty.

Our five-point plan to solve poverty in the UK will:

- Boost incomes and reduce costs;
- Deliver an effective benefit system;
- Improve education standards and raise skills;
- Strengthen families and communities; and
- Promote long-term economic growth benefiting everyone.

This is our plan to solve poverty in the UK.

**Fact:**  
13 million people  
in the UK are  
living in poverty

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We need a  
consensus that  
poverty in the  
UK is real, causes  
harm and is a  
solvable problem

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# National and local governments

Through public policy, governments can create the conditions and opportunities that enable individuals and communities to do the best they can for themselves. This includes the national government in Westminster, devolved governments in Scotland, Northern Ireland and Wales, local authorities and the new city regions.

Devolution is one of the defining political agendas of our time. Poverty will not be solved from Whitehall or by central government alone – but by the policy-makers closer to those people experiencing it. Exit from the EU may also, in time, alter the ability of governments to set immigration and trade policy, attract foreign investment and secure markets for manufacturing, goods and services. This will have a direct, but as yet unknown, impact on the prospects for regional economic development and poverty reduction. There are significant opportunities for policy-makers at all levels to drive poverty reduction. While local authorities face unprecedented reductions to their budgets, greater powers in vital areas such as transport, housing, employment support and skills could be harnessed to help those on low incomes. Local authorities can also play a leadership role, developing an economic vision tailored for their area and bringing together local partners to deliver it.

National and local government should also work more closely with businesses, employers and unions to better connect people to economic opportunities. Some cities are pioneering long-term economic strategies to promote more inclusive, sustainable growth, by working with regional partners to develop their local labour markets and skills. Tools like JRF's inclusive growth monitor can be used to track and benchmark progress.

JRF recommends the Office for Budget Responsibility is tasked with monitoring and forecasting poverty rates for people of all ages, and an independent body is tasked with holding the government to account for its impact on poverty.

National governments, local governments, and many public, voluntary and private organisations have a huge influence on people's lives. All these could together make a significant difference to solving poverty if they focused on sustained, effective action.

## A rebalanced economy with better jobs

**Recommendation:** Set the vision for inclusive, sustainable future growth

- National and local governments, together with business and industry leaders, should set a bolder vision for inclusive and sustainable growth.
- An immediate priority for UK negotiations about withdrawal from the EU is to secure the regional development funding allocated to 2020. Longer term, the government needs to earmark at least an equivalent level of funding to create a Rebalancing Fund, allocated to devolved administrations and Local Enterprise Partnerships (LEPs) to support inclusive growth and employment in lagging towns and cities. This is equivalent to £9.6bn in 2020-2026.
- Allocate money to programmes based on their contribution to inclusive growth. In England, this would mean remodelling the Local Growth Fund to promote inclusive growth at city-region level, including funding for business support, economic development, housing, digital connectivity and transport. The amount of funding should expand to meet the aspirations of the Heseltine Review of £12.5bn per year.

**Recommendation:** Use tools and incentives to develop local economies while reducing poverty

- Incentivise local authorities, city regions and metro mayors to tackle poverty by allowing them to keep some of the savings that result from supporting someone to get a sustained or better-paid job.
- Allow devolved administrations, city regions and groups of local authorities to commission employment support for people with barriers to work, in partnership with local stakeholders, including businesses.

- Use forthcoming devolution of the full adult skills budgets in England to bring together local employers, employees and training providers and make connections between employment support and job creation.
- Trial offering companies tax breaks in exchange for providing good jobs for people at risk of poverty in designated areas in order to develop sound evidence on the impact of such incentives.
- Devolved administrations, local authorities, city regions and metro mayors, in partnership with businesses and employers, should continue to call for powers, functions, fair funding and finance from the UK government in order to deliver inclusive growth.

**Recommendation:** Enforce existing rules on wages and work

- Strengthen enforcement of minimum wages (including the new National Living Wage), creating a level playing-field for business and protecting low-paid workers. HM Revenue & Customs should also act as a first line of enforcement where people can report concerns about bogus self-employment (where workers are told by employers they are self-employed, when legal tests would likely define them as employees).
- The work of the new Director of Labour Market Enforcement and the reformed Gangmasters and Labour Abuse Authority need to have sufficient resources to carry out their mission effectively.

National governments, local governments, and many public, voluntary and private organisations have a huge influence on people's lives. All these could together make a significant difference to solving poverty if they focused on sustained, effective action



## National and local governments

### Supporting people into work and to get on at work

**Recommendation:** Deliver skills that employers need and enable people to participate in society

- Meet all basic skills needs by 2030 by doubling the participation rate in skills programmes for digital skills, literacy, numeracy and basic English for Speakers of Other Languages. This would cost £200 million per year in England.
- Design an Apprenticeship Charter with employers and learners, tailored by sector and level.
- Drive up the quality of apprenticeships by making some existing government funding contingent on whether apprentices are employed (by the same or a different employer), and/or have higher earnings six months later.
- City regions and groups of local authorities to trial different approaches to supporting progression at work to help deliver on the ambitions of in-work conditionality in Universal Credit. Trials should combine coaching and support from advisers able to foster links with employers, well-targeted training linked to realistic career progression, and financial incentive payments. This could mostly be achieved by reorienting existing budgets.

**Recommendation:** Promote opportunity in employment

- Improve the promotion of practical support and advice services available to small and medium-sized businesses covering disability, for example Access to Work. These services can support retention of employees following disability, physical illness or mental health conditions.

- Monitor employment outcomes for disabled people and ethnic minority groups by geographic area, identifying local solutions that have addressed disability skills and employment gaps, or occupational segregation by ethnicity.
- Through the new Work and Health Programme, deliver Individual Placement Support for people with severe and enduring mental health conditions, and Place, Train and Maintain schemes for people with learning disabilities, enabling them to gain and sustain employment with support.

**Recommendation:** Refocus welfare-to-work services on poverty

- Change the high-level incentive for employment support services so that they are focused on delivering high employment and earnings, rather than simply moving people off benefits.
- Speed up the process of co-locating Jobcentre Plus with local authority services to create a single gateway to a range of statutory, voluntary and community sector services. These should include specialist services for young people, access to locally co-ordinated advice services, and support with reducing costs as well as increasing incomes.
- Develop a tool to be used early in the process of claiming unemployment benefits to identify an individual's strengths and barriers to work (such as transport, caring responsibilities, fluctuating health conditions and skills), and personalise their support to move into work.
- Recognise formal and informal volunteering and caring roles in welfare-to-work services and the social security system, as these offer many people a route to building skills, social networks and confidence, as well as contributing to society.
- Reform the sanctions regime to a stepped approach with early warnings built in and clear communication, using non-financial sanctions first. Final sanctions should be less severe, and should not result in destitution.

## **Case study: Leeds City Council and Leeds City Region**

Leeds City Council and Leeds City Region have been working in partnership with JRF to tackle poverty by creating more and better jobs. This has included an emphasis on 'good growth' in their strategic economic plan; creating jobs through planning and procurement; targeted employment programmes for young people; creation of a Leeds Low Pay Charter; development of in-work progression programmes; and a city region-wide, targeted employment and skills strategy. More than 2,000 young people were helped into employment, education and training through the Devolved Youth Contract as a result of the 2012 City Deal.

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## **Case study: Live and Work scheme**

Launched in 2015, the Live and Work scheme enables young people to live benefit-free on an apprenticeship wage. Using a grant from the Empty Homes Community Grant Programme to renovate empty properties in partnership with Sandwell and West Birmingham Hospitals NHS Trust, the scheme offers 27 young apprentices working with the Trust the opportunity to live and work on the site, with support. Rent and service charges are minimised through leasing the properties for free. A 'whole community approach' is used to bring in contributions and support from a range of local partners.

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## National and local governments

### Social security that is effective and makes work pay

#### Recommendation: Reform Universal Credit to make it a poverty reduction tool

- When someone is working as much as society expects, the combination of in-work benefits, minimum wages and tax policy should enable them to escape poverty.
- Incentivise work by increasing the work allowance whenever income taxes are cut, so that low-income workers get the full boost to their pay packet.
- Return the work allowances to the levels in the original design of Universal Credit and introduce a work allowance for second earners in a household – allowing second earners in couples to keep more of what they earn when they enter paid work.
- Give claimants choice about how, and how frequently, they receive payments, and how payments are split within the household. The default should be that the child element is paid to the main carer in a household.
- Ensure low-income self-employed people with varying incomes are not disadvantaged by assessing their income over a year, rather than monthly.

#### Recommendation: Prevent destitution

- Temporarily reinstate the higher benefit level for people in the Work Related Activity Group for Employment Support Allowance (due to be abolished for new claimants from April 2017). This will cost £600m in 2020. Longer term, work with disabled people, disability organisations and relevant professionals on a fundamental reform to disability benefits and support.

- Raise levels of Jobseeker's Allowance in line with the National Living Wage to 2020, at a cost of £250m for that year.

#### Recommendation: Ensure benefit payments keep up with the cost of essentials

- Unfreeze working-age benefit levels and increase them in line with rises in the cost of essentials such as food, clothing and housing. Benefits should also account for the extra costs faced by those with disability, long-standing illness or a mental health condition.
- Combining increasing benefits with costs, with the restoration of old Universal Credit work allowances and a second-earner disregard, would result in 480,000 fewer individuals in poverty in 2020 and 1.7 million fewer in 2030 – a third of whom would be children. The net cost would be £5.8bn in 2020 and £13.6bn in 2030.

#### Recommendation: Prevent child poverty by raising household incomes

- Raise the child element of Universal Credit by 20% for families with children under five. This would see 100,000 fewer children in poverty in 2020 and cost £1bn (net) that year.
- Support families with the costs of all their children, rather than restricting child-related benefits to the first two children. This would result in 350,000 fewer children in poverty in 2020 and cost £2bn (net) that year.

## National and local governments

### Supporting families

#### Recommendation: Develop effective prevention and early intervention networks in every local area

- Where practical, local authorities should bring together child and family services, including relationship support, parenting advice and family and mental health services, with advice and support on material and financial matters.
- National governments should support this activity by investing an additional £800 million each year in children's centres and family support services across the UK, providing a universal and inclusive platform. The immediate priority should be to revitalise these in areas with higher deprivation and weaker early intervention services.
- Governments should support good parenting by prioritising programmes that are effective at supporting parents of children with behavioural problems (cost: £38 million per year), and focusing on good parental mental health. Perinatal mental health services should be brought up to the level recommended by the National Institute for Clinical Excellence.
- All children and family support services should give greater attention to how well they meet the needs of those low-income families who may be least well served, including ethnic minority families, single-parent families and families with disabled children or disabled parents.

#### Recommendation: Increase the quality, affordability and availability of childcare

- Radically reform early years education and childcare to greatly increase quality, coverage and affordability, enabling more parents to work and improving children's development.

- These reforms would remove parental contributions to childcare costs for families on low incomes where parents are in work, education, training or preparing for work, and move to a graduate-led, fully qualified workforce in early years education. This would require the UK to increase public funding for childcare over a decade, over time spending an additional £5.4bn per year.
- Retain 15 hours of free childcare for three- and four-year-olds; extend over time to two-year-olds; but do not increase to 30 hours per week.
- Provide additional childcare free to low-income parents who are employed, training or looking for work; for other parents pay an income-related top up through personal accounts.
- Change to a supply-side funding model, and cap overall costs, to be decided by an independent body.
- Invest in a social enterprise programme to develop business models that are proven to deliver quality and flexibility; link childcare providers more closely to early intervention networks; and roll out a programme of inclusion for children with special educational needs and disabilities.

#### Recommendation: Improve the educational attainment of children experiencing poverty

- Concentrate on improving attainment for low-income children in all types of schools, rather than on promoting particular school structures (apart from removing selection at age 11 where it still exists).
- Continue to direct additional funding to children from disadvantaged families as a poverty prevention strategy to improve educational attainment.



- Governments should trial new ways to recruit teachers and school leaders to areas struggling to recruit, including experimenting with pay premiums. Expand high quality professional development across the workforce.
- Use the inspection regime to encourage schools to share best practice and to support one another to improve the attainment of children from low-income backgrounds and to 'poverty proof' the school day. The same inspection regime should apply to all types of school.
- Drive up outcomes for children with special educational needs and disabilities, including extra preventative funding to reduce the numbers excluded from school. This would cost £7 million per year across the UK.

### **Recommendation: Improve young people's prospects for adulthood**

- Improve data on 'destination outcomes' for schools and use it to direct investment in careers advice, social and emotional skills development, and school-employer links.
- Governments should enable schools to give all young people good-quality careers advice, including access to trained advisers and school-mediated employer contact. (Cost: £200m per year in England.)
- Strengthen legal duties to looked-after young people through entitling them to remain in, or return to, care up until their 22nd birthday. They should also have the right, until they are 25 years old, to move back and forth along a spectrum of support options, including foster care, supported lodgings, supported accommodation and independent tenancies.
- Local authorities should set up community-based advice services providing personalised careers advice for post-16-year-olds, linking them to high-quality apprenticeships, training and employers. These should include support to maintain jobs and training, and future steps as well as finding an initial placement,



## Nick

*"Poverty leads to decay  
- the longer it lasts, the  
harder it is to get out."*

## National and local governments

### Supporting people in later life

#### **Recommendation:** Prevent poverty for older people now

- Improve take-up of Pension Credit and other benefits for pensioners – Housing Benefit, Council Tax Support, Attendance Allowance, Carer's Allowance – to as close to 100% as possible.
- The UK Government should explore the idea of a 'Universal Pension'. This would pull together all means-tested pensioner benefits into a single payment, paid on top of the state pension according to need, building on the model of Universal Credit.

#### **Recommendation:** Prevent poverty for older people in the future

- Reduce the contribution years for a full state pension from 35 to 30 years, at a net cost of £2.8bn in 2030. This would result in 150,000 fewer pensioners in poverty in 2030.
- Continue auto-enrolment (where employers automatically enrol eligible employees into a pension scheme) but gradually reduce the earnings limit so that more low earners can be included. Those who earn over the threshold in total from more than one job should also be included. Enabling people who are self-employed to plan for their retirement is a priority.
- Integrate and resource independent and voluntary-sector advice services that provide information, raise awareness and encourage people to take up support they are entitled to, especially at times of major change in people's lives.

## National and local governments

### Access to secure and affordable homes

#### Recommendation: Increase the supply of genuinely affordable housing

- Meet objectively-assessed need for affordable housing in England by refocusing existing capital investment in housing and spending an additional £1.1bn per year to 2020. At least half the supply should have rents linked to low earnings in an area. The proposals for affordable housing supply in the other nations of the UK could go further by linking rents directly to low earnings.
- Enable local areas in pressured housing markets to take a more flexible approach (such as swapping land plots) to the use of green belt for affordable housing development.
- Reform planning powers to ease the assembly of land for development, and allow local authorities to borrow against projected future tax revenues to fund infrastructure development.
- Ensure Right to Buy contributes to reducing poverty by requiring sales to be replaced on a like-for-like basis where feasible. Allowing greater local discretion over the size of the discount and eligibility would enable this.

#### Recommendation: Improve conditions and affordability in the private rented sector

- In pressured housing markets in England, devolve regulation of the private rented sector to groups of local authorities or city regions, including scope to govern tenure length, standards and the rate at which landlords can increase rents over the course of a tenancy.
- Allow landlords to offset capital expenditure on works towards the Decent Homes Standard against profits from rents to provide an immediate incentive to raise quality, with more generous offsets for private landlords who are part of an accreditation or licensing scheme.

### Recommendation: Housing First for homeless people with complex needs

- Scale up the Housing First model, whereby rapid access to ordinary housing is coupled with tailored support for homeless adults with complex needs. Retain transitional accommodation for the minority (estimated to be up to 20%) for whom the model may not be suitable.

### Recommendation: Compensation for housing costs in specific circumstances

- Introduce a compensation policy (distinct from Discretionary Housing Payments) for those affected by the under-occupation penalty who are willing to move but who cannot because of specialist needs, such as adapted accommodation for disability, shared parenting responsibilities, or a lack of suitable alternative properties.

## Enabling local and community action

### **Recommendation:** Harness the potential of ‘anchors’

- Encourage the biggest employers and spenders in an area, such as large companies, hospitals, universities, local authorities, to become local ‘anchors’ by using their collective spending power, know-how and networks to better connect jobs and opportunities to neighbourhoods and businesses that would benefit the most disadvantaged people and places.

### **Recommendation:** Enable community-led action on poverty

- Facilitate community-led solutions to poverty, with local authorities providing (in-kind and/or financial) support and strategic co-ordination to support communities to come together in order to improve prospects.
- Foster connections between voluntary, community and faith groups, social enterprises, schools, colleges, housing associations, local companies and public service providers – galvanising energy to solve poverty locally. Examples include, working together to develop innovative low-cost housing solutions for young people.
- Involve people with first-hand experience of poverty in shaping policies and approaches to prevent poverty or enable people to get out of poverty.



# Businesses, employers and providers of essential goods and services

Solving poverty is good business. The wellbeing of workers is associated with improved performance at work, while people having money to spend is good for the bottom line. Employee engagement is a prize for most employers, and financial anxiety reduces engagement. By creating jobs and providing good value products, businesses already contribute to reducing poverty, and many are going further by exceeding statutory requirements where they can and promoting the role of responsible business in society.

Many employers are already taking positive steps, the scale and shape of which reflects their size, the nature of their business, and their stake in a community. Employers who move to pay the voluntary, higher Living Wage have experienced a more motivated workforce as well as lower staff turnover, sickness and absenteeism. Better pay can be complemented by a range of other actions that help combat poverty – taking on more apprentices, offering more secure contracts, providing innovative training and development programmes and fringe benefits packages that help with the cost of essentials. These measures can help boost productivity for businesses at a time of increasing global competition.

There are other ways businesses can make a difference, for example with customer service practices, procurement practice, by developing products and services that meet the needs of low-income consumers, and taking action to eliminate poverty premiums – whereby people in poverty pay more for the same goods and services. All these can help to restore fairness to the market, and open up new markets at the same time.

Business and employers cannot reduce poverty by themselves. Reducing poverty also requires governments to create the context for economic growth and investment, and to ensure education, skills and welfare-to-work systems provide young people and adults with the skills and incentives employers need. The voluntary sector also has a part to play in providing advice, helping people to get a good deal from markets and improving financial literacy.



**Recommendation:** Identify how best to use employment practice to reduce poverty and improve employee engagement and wellbeing

- Move towards becoming an accredited voluntary higher Living Wage employer, wherever possible.
- Provide training, including access to support with basic skills where required, to low-paid workers including part-time workers.
- Enable low-paid employees to access training and development opportunities, working with them to overcome barriers to progression, such as shift patterns.
- Use HR data to identify people who are not progressing or are not taking up progression opportunities and intervene where appropriate.
- Ensure managers have the skills to develop staff and have regular conversations about progression options, promoting diversity and equality of opportunity for staff at all levels and addressing informal workplace cultures.
- Ensure that access to job opportunities for low-paid staff, especially where staff are part-time or work shifts, is supported through effective internal communications channels.
- Improve the quality of, and access to, apprenticeships for disabled people, ethnic minority groups and women, where they are under-represented.
- Increase job security and employee control over working patterns, using zero-hours, short-hours and temporary contracts only when essential to manage fluctuating demand.

Many employers are already taking positive steps, the scale and shape of which reflects their size

## Businesses, employers and providers of essential goods and services

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- Give staff the choice of minimum-hours contracts when they are regularly working a similar number of hours.
- Draw up shift patterns and rotas in consultation with individual staff members, giving staff plenty of notice so they can plan ahead and around the rest of their life or other jobs.
- Where possible, larger employers could provide financial guidance and encourage low-wage employees to stay enrolled in auto-enrolment pension schemes.

### **Recommendation: Provide good-quality, part-time work**

- Consider flexible working arrangements when recruiting, and make this clear in recruitment materials.
- Assess the proportion of good-quality flexible and part-time jobs at all levels, with a view to maximising these where possible, and make training accessible to part-time workers.

### **Recommendation: Offer fringe benefits targeted at low-income workers**

- Ensure fringe benefits and in-kind support are offered to and taken up by workers on lower pay grades, including transport season ticket loans, access to savings schemes and affordable credit (through a Credit Union partnership, for example), staff discounts and access to financial advice and rent deposits.

### **Recommendation: Tackle poverty through the supply chain**

- Companies (large and small) can use their purchasing power to support local economies and enterprise.
- Big businesses can inspect UK supply chains thoroughly and take swift action where evidence of exploitation or forced labour is found.

### **Recommendation: Act early to support people struggling with the cost of essential goods and services**

- Train customer service and frontline staff to recognise when people are struggling with payments, and give people the opportunity and confidence to report this themselves.
- Analyse data to identify early warning signs, such as customers cancelling direct debits or missing payments.
- Provide outreach to customers when they first get into arrears to prevent spiralling debts and limit the business cost of debt collection.
- Refer customers to third-party organisations offering advice and help, such as independent and voluntary sector debt and advice charities, and establish partnership arrangements with these organisations, in line with consumer vulnerability strategies.
- Promote available help via media campaigns and through other organisations such as GPs, community centres and foodbanks.
- Offer direct support, such as flexibility over tariffs, access to social tariffs or discounts, and access to grant funds to pay off debt.

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## **Case study: JRF and JRHT**

The Joseph Rowntree Foundation and Joseph Rowntree Housing Trust have partnered with Leeds Credit Union to offer affordable borrowing and support for savings to all employees, regardless of contract type. JRF/JRHT underwrite lending to staff, which allows access to a reduced interest rate of 4% APR for loans of over £500. Loan repayments or deposits into Leeds Credit Union savings accounts are deducted automatically from payroll.

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## Businesses, employers and providers of essential goods and services

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- Work with other providers of essential goods and services to provide consistency in eligibility for discounts across different sectors, and work with government to identify eligible customers through a secure data-matching service.
- Engage early in debt recovery with personalised debt-recovery plans, rather than rapid escalation to debt recovery agencies, and work with other providers to co-ordinate approaches to debt repayment schedules.
- Businesses should provide simple and transparent information about costs to customers; regulators can support this by requiring comparable information.
- Work toward British Standard 18477 for inclusive service provision on treating consumers fairly.

A portrait of a man with short, dark hair and black-rimmed glasses. He is wearing a white dress shirt with a striped collar and a dark vest. He is looking directly at the camera with a slight smile. The background is a plain, light gray.

**Jaimes**

*"Create opportunities  
where there are none."*

# Service providers and housing providers

Frontline providers of services and voluntary sector organisations are the first point of contact for people in poverty. The way services are delivered makes a big difference to whether individuals are able to engage with them and get the support they need to move out of poverty.

JRF worked closely with people living in poverty to hear their experiences of using support services and to find out what's most important to them. This has helped inform the recommendations that follow.

Housing providers have a pivotal role to play. A safe and secure home provides the basis upon which people can build their lives and realise their potential – and is vital to the health and wellbeing of both adults and children. Yet the high cost of housing in the UK pushes an additional three million people into poverty and is one of the main drivers of homelessness. While national governments must play their part and increase capital investment in the supply of genuinely affordable homes, housing providers – whether private landlords, housing associations or local authorities – can also take action.

## **Recommendation: Create services that are positive and personalised**

- Ensure that people are made to feel welcome, and service users and staff are treated with dignity and respect.
- Where workers hold stereotypical or negative views of people in poverty they should be challenged, and training should ensure they are equipped to offer personalised services and to deal with all relevant issues. This could include training sessions designed by people in poverty.
- Take people's strengths as their starting point, addressing the barriers they face, and work with them on identifying realistic goals and the personalised support they need.

- Clearly communicate the full range of support people are entitled to and make sure alternative methods of contact are available for those who do not have a smartphone or internet access.
- Where providers are working with people with complex needs, create an environment that takes account of the underlying causes of complex needs and the challenging behaviours associated with them.

## **Recommendation: Make tackling poverty an explicit aim in social landlords' business plans and strategies**

- Investment plans should prioritise the delivery of low-cost rented housing. Locating these homes in mixed-tenure developments strengthens communities and can generate funds for investment in rented housing.
- To ensure affordability, rent setting policy should aspire to link rents to local earnings.
- Plan to become a voluntary, higher Living Wage employer.
- Direct tenants towards additional support services, such as employment services or affordable credit, as part of a wider financial inclusion strategy.
- Help tenants to become digitally included, for example by working with private providers on installing ultrafast broadband and providing digital skills' workshops.



A portrait of a Black woman with short, dark, curly hair pulled back. She is wearing black-rimmed glasses and a red long-sleeved shirt with a light pink scarf draped around her neck. The background is a plain, light-colored wall. The lighting is soft, coming from the side, highlighting her features.

**Margaret**

*"We need ears  
to listen to us."*

## Service providers and housing providers

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### **Recommendation:** Increase stability and security for people in poverty

- Offer stable tenancies across the social and private rented sectors as a matter of course.
- Work with local authorities to offer housing to homeless individuals, including as part of a Housing First programme or when people are granted refugee status.
- Help tenants whose circumstances change to switch their tenure status – for example into shared ownership, offering them the chance to switch from home ownership to shared ownership or renting in the future if they need to.
- Ensure any proposals to regenerate estates involve existing residents, and link to wider economic development strategies.

*“You feel intimidated, bullied, your self-worth is like nothing because you’re not doing enough. But it’s not because you’re not trying. It’s because there’s no jobs in your area or hours you need. The ones you apply for, you don’t hear back from.”*

Member of the public, Joseph Rowntree Foundation workshop

## **Case study: Training social workers**

In order to improve social workers' understanding of poverty, and to involve service users in the training of professionals, a joint project by ATD Fourth World, the Family Rights Group, and Royal Holloway - University of London, developed a training module for social workers on the realities of family poverty. The content of the training module was developed through a series of workshops with individuals who were actually living in poverty and receiving support from social services, with a focus on real-life stories of experiencing poverty, the limits on the choices families in poverty can make, feelings of discrimination described as "povertyism", and practical actions social workers can take to improve their service for, and relationships with, users.

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# Investors and philanthropists

Joseph Rowntree was one of the country's great philanthropists, who used his personal wealth to promote social reform and left much of his wealth in trust to promote understanding of, and action on, the underlying causes of social ills. Today, the Joseph Rowntree Foundation is an independent organisation inspiring social change through research, policy and practice work, and actively works with its global investment managers and other partners to promote responsible investment. In addition, JRF has committed £15m to social investment, to support projects that aim to tackle poverty, but would not necessarily be financed through conventional means.

JRF wants to work with other investors and philanthropists to support initiatives which tackle the underlying causes of poverty.

**Recommendation:** Use investments to test and scale products and services or social businesses that offer good value to low-income consumers or seek to end poverty premiums

- Develop the social lending market to enable providers of affordable credit to modernise their offer (for example, with internet or smartphone applications), by providing loan capital and supporting the development of processes and administration behind this.
- Link up affordable credit providers to providers of basic household items (such as white goods and furniture).
- Social enterprise letting agencies should work to raise standards in the private rented sector and support tenants to maintain tenancies.
- Energy providers should develop new, better value offers for pre-payment meter customers.

**Recommendation:** More philanthropists following in Joseph Rowntree's footsteps and supporting poverty reduction

- Wealthy individuals should establish funds to foster solutions to poverty, particularly those designed and implemented by or with people experiencing poverty. Existing charities, and particularly grant-making trusts and foundations, are urged to recognise poverty and prioritise it where possible.

**Recommendation:** Use investment to promote the reduction of poverty

- As shareholders, promote the voluntary Living Wage and other responsible business practices among UK PLCs.
- Promote good employment practices and work together to start a dialogue with investment managers and investee companies on human capital management, data collection and monitoring.

## Case study: ShareAction

ShareAction began mobilising investors to call on the boards of FTSE 100 companies to adopt the higher, voluntary Living Wage in 2011. A coalition of institutional investors, including socially responsible investment funds, faith investors and trade union pension funds, drew up a letter calling for the voluntary Living Wage to be on the agenda of boards in the FTSE 100. By 2015, this had evolved into engagement by mainstream asset managers with UK boards, pressing for adoption of the voluntary Living Wage. Total assets managed by the investors signing up to the voluntary Living Wage currently stand at £50bn. In 2016, 30 FTSE 100 companies were accredited Living Wage employers – up from two in 2011.

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# Citizens and communities

We all have a part to play in solving poverty. This means working hard at school and taking up opportunities for further education or training. It means being a good parent and creating a loving, stable home. It means taking up reasonable offers of work and saving for our future whenever we can. It means paying our taxes, and helping others in our communities where possible.

Too often, portrayals of people in poverty fail to reflect the immense effort that people put into making ends meet, budgeting, supporting families and friends, improving their lives and communities, making choices and taking chances to escape poverty.

For most of us, families and friends are the main buffers we have against poverty. But where this support is not in place, social networks, charities and communities have a huge role to play.

In every community, there will already be people working to reduce poverty. This might be through preventing poverty or destitution – responding to crisis need or providing advice. It might be through maximising people's resources – taking up benefits, or saving money on essentials. It might be about enabling people to improve their prospects – building skills and confidence, or strengthening social networks.

Voluntary sector, community and faith groups offer lifelines, enabling people to escape poverty, and have a vital role in facilitating and enabling communities and citizens to reduce poverty locally. Alongside social enterprises and community businesses, many have successfully sustained these activities despite the pressures of limited resources and high demand. Loss of funding and voluntary or community sector infrastructure have made this more challenging, and make joined-up action even more essential.

## **Recommendation:** Community, faith and voluntary sector groups should make solving poverty an explicit goal

- Involve people with first-hand experience of poverty as experts and partners in solving poverty, shaping actions and achieving change.
- Organise locally and strategically around a shared goal to reduce poverty, building on what is already there and taking action together.
- Use awareness raising and advice so people can maximise their resources, for example increasing benefit take-up, signposting to affordable credit, or enabling people to get better deals from providers.
- Strengthen community relationships and address barriers such as loneliness, isolation and stigma.
- Facilitate ways to share or reduce living costs, learn or trade skills, for example volunteering, community currencies, or social and neighbourhood enterprise.
- Co-ordinate local advice and service provision, fostering links with community groups, so people can access the support they need when they need it, and not be passed from pillar to post.
- Galvanise community-led approaches and social action to build pressure for change.

*“As a culture we celebrate self-starters but overlook the real achievement of overcoming everyday obstacles – entrepreneurialism that goes unrecognised.”*

Poverty Truth Commission Challenge Report 2014-15



**Sarah (mum)**  
**Danielle (daughter)**

*"We just survived in  
London, we didn't live."*



# Costs and implications

As a politically independent organisation, JRF has taken an evidence-informed view about how to solve poverty. Not all proposals have cost implications – indeed many are about changes in culture, leadership, strategy and reallocation of resources. Where there are cost implications, we have recommended those that are most cost-effective based on impact, including the number of people likely to benefit. Costs are outlined in more detail in *UK Poverty: Causes, costs and solutions* (JRF, 2016).

**We can be a country where no one is destitute, fewer than one in ten is in poverty, and no one is in poverty for more than two years.**

This strategy argues for a stronger reorientation of spending over time, dealing more robustly with the causes as well as the consequences of poverty, and reducing the costs of dealing with its effects. By improving people's skills and education, getting them into work that pays, reducing prices for essential goods and services, providing effective social security, and unlocking the full human capital available, we can be a country where no one is destitute, fewer than one in ten is in poverty, and no one is in poverty for more than two years.

Political choices need to be made, such as diverting resources from those who are wealthier, to those who are relatively worse off. Given many of the causes of poverty, arguably the fairest way to pay for poverty reduction is through general tax rises on people who are relatively better off, whilst not disrupting the need for continued economic growth to boost mass prosperity. Redistribution alone will not build the capacity and skills needed to solve poverty in the long term, or deal with the main underlying drivers of poverty.

Here we identify some examples of ways to raise revenue in order to implement some of the recommendations in this strategy, noting that revenue could also be raised through diverting funds from other areas of public spending.

- Taxing benefits, which would raise £2.85bn. This includes £1.2bn from Child Benefit, £0.5bn from Attendance Allowance, £0.9bn from Disability Living Allowance and £0.25bn from Winter Fuel Payments. This would maintain universality, but ensure that those on higher incomes contribute.
- More generous tax allowances have not been well targeted on poverty and further cuts are likely to help the better-off most. Such cuts are costly for government to provide, when delaying or reversing them could raise revenue. Decreasing all of the income tax allowances by 10% is estimated by the Treasury to raise £12bn.
- Increasing pensions by inflation or earnings (a 'double lock') rather than the current triple lock would bring savings, but would also see pensioner poverty fall more slowly. In 2015/16 the triple lock cost £4.6bn more than if pensions had been uprated with earnings and £1.1bn more than uprating with CPI inflation.
- Increasing the upper earnings limit in National Insurance (the point at which employee contributions fall from 12% to 2%) to £100,000 would raise £10.1bn.
- Increasing National Insurance contributions made by those in work and over the state pension age (if necessary compensating through Pension Credit), would raise £0.9bn.

In addition, modelling for JRF indicates that getting more workers into full-time work could save £12bn through reduced spending on benefits, and workers doing more hours could save £26bn. Similarly, closing the gender pay gap by 2040 could save around £30bn.

Tackling poverty costs. But so too does inaction. Poverty costs society £69bn every year through additional spending on public services and £9bn in lost tax revenue and higher benefit spending due to lower pay and higher unemployment. About a fifth of public service spending overall is associated with poverty; much of this is devoted to remedying its effects.

**We cannot afford to continue with high levels of poverty in the UK.**

If we carry on spending this much on the consequences of poverty, the effect on our country through lost productivity, wasted human potential, and the harm to our communities will be devastating. We cannot afford to continue with high levels of poverty in the UK.

## **Fact:**

Poverty costs society £69bn every year through additional spending on public services and £9bn in lost tax revenue due to lower pay and higher unemployment. About a fifth of public service spending overall is associated with poverty

# What next?

## We can solve UK poverty if we choose to. And why would we choose not to?

We know that UK poverty is real. We know this from a wealth of evidence built up over many years. We know it from what people have told us about their experiences. We should be ashamed that in our country today, millions of people are struggling to get by – they simply do not have enough to make ends meet.

We know that poverty is harmful and can affect any of us. This is not a problem for a fixed group of ‘other’ people. Poverty hurts families, society, the education system, and the economy, and affects quality of life, damaging health, wellbeing and prospects.

We know that poverty is costly. It costs the public purse £78bn a year.

Projections show that poverty is likely to get worse in the future if we do not act.

**We hope that those who can make change happen will start to see they are part of a wider movement for social change.**

So what are we going to do about it?

In this comprehensive strategy, we have shown that there is a lot that everybody can do.

It will not be quick or easy, but with vision, commitment and collaboration, we can all play a part in creating a society in which prosperity is more equally shared and the worst-off people and places are not left behind.

We hope that those who can make change happen will start to see they are part of a wider movement for social change. We hope some will be inspired to try out these recommendations in practice.

**We believe this country will be stronger if we act together to solve poverty.**

We are calling on national and local governments, businesses, employers, providers of essential goods and services, housing providers, public service providers, investors and philanthropists, and citizens and communities to work together, to reduce the risk of people falling into poverty, mitigate their experiences when they are in poverty and make it easier for them to escape from it.

We believe this country will be stronger if we act together to solve poverty.

If you are interested in joining us to help solve poverty in the UK, we invite you to:

- Explore the detailed evidence behind these proposals in our report *UK Poverty: Causes, Costs and Solutions (JRF, 2016)* or visit [www.jrf.org.uk/solve-uk-poverty](http://www.jrf.org.uk/solve-uk-poverty).
- Talk to JRF and the organisations which have developed the recommendations about the ideas and implications. Contact us via Twitter at [@jrf\\_uk](https://twitter.com/jrf_uk) or at [info@jrf.org.uk](mailto:info@jrf.org.uk)
- Join the conversation via Twitter at [#solveukpoverty](https://twitter.com/#solveukpoverty) and debate, discuss and work with those who share the same goal of solving poverty in the UK.



For the detailed evidence  
behind our proposals, see our  
report *UK poverty: causes costs  
and solutions*

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# Inspiring Social Change